



Cambodia Tax Alert

Notification extends various tax exemptions and tax incentives for real estate sector

Greetings from your Tax & Advisory team at Deloitte Cambodia.

We are pleased to update you on the following:

The Cambodia Ministry of Economy and Finance (MEF) issued Notification No. 001 on 4 January 2024 to inform taxpayers about various modifications to its tax rules for the real estate sector. These modifications include changes to the stamp tax exemption for the transfer of ownership or possession of real estate, a delay in the implementation of the capital gains tax and the unused land tax, and changes to the property tax rules.

Stamp tax on the transfer of ownership or possession of real estate

- The stamp tax exemption for the transfer of ownership or possession of all types of residences categorized as Borey with a value up to USD 70,000 is extended through 31 December 2024.
- An additional stamp tax exemption for the transfer of ownership or possession of all types of residences categorized as Borey with a value greater than USD 70,000 is available through 31 December 2024 by allowing a deduction of USD 70,000 from the tax basis of the stamp tax calculation through 31 December 2024 for all purchases of residences categorized as Borey that have a business license and are properly registered.

To qualify for the above exemptions, the following conditions must be met:

- Those acquiring, from 25 February 2020 through 31 December 2024, the ownership or possession of real estate, regardless of its market value as stated in the sale and purchase agreement, must file a stamp tax declaration during this period.
- The residence, regardless of type, must be acquired from a residential developer registered with the MEF (which is currently the real estate and mortgage regulator) or the Provincial Department of Economy and Finance.
- All residential developers must draft a proper sale and purchase agreement reflecting the actual market value of the property. If necessary, the General Department of Taxation (GDT) of the MEF may reinspect the residence if the developer has reduced the price from the actual market value.

Taxpayers must attach the original copy of the sale and purchase agreement to the stamp tax payment application.

Capital gain tax

Implementation of the capital gains tax on gains derived from six types of capital assets, including immovable property, financial leases, investment capital, goodwill, intellectual property, and foreign currency, is delayed through 31 December 2024.

Property tax

- Immovable property that has been registered but for which previously declared property tax was incorrect (due to an incorrect value, land or construction size, or construction type and/or age) is exempt from tax reassessment, including administrative penalties (i.e., additional tax and interest), from the year the tax was implemented through 31 December 2023. As from 1 January 2024, the property tax must be based on the laws and regulations in force.
- Taxpayers possessing (with or without ownership title) immovable property that has never been registered and for which property tax has never been declared are allowed to register the property and pay the property tax as from the last year they occupied the property or the last time they benefited from it.
- The exemption from administrative penalties (i.e., additional tax and interest) is postponed through 30 June 2024 (i.e., the penalties will apply as from 1 July 2024).

Unused land tax

The unused land tax has been suspended through 31 December 2024, which means that a land's owner, occupant, or final beneficiary has no obligation to declare the tax through 31 December 2024. The MEF will issue a regulation on the tax, providing transition rules in view of implementation as from 2025.

Taxpayers may refer to Notification No. 001 for more details.

All the rules discussed above have no effect on any taxes or interest that have already been paid.

Contacts

Should you have any comments or questions arising from this newsletter, please contact the Deloitte Cambodia tax team below.

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